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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

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### Division of Oil, Gas and Mining

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Division Director

July 8, 2013

Lance C. Lee, Project Manager  
Intermountain Power Agency  
406 W. South Jordan Parkway, Suite 440  
South Jordan, Utah 84095

Subject: Operator Transfer, Intermountain Power Agency, Wildcat Loadout, C/007/0033, Task ID #4377

Dear Mr. Lee :

The Division has reviewed your application to change the Operator for the Wildcat Loadout facility. The Division has identified deficiencies that must be addressed before final approval can be granted. The deficiencies are listed as an attachment to this letter.

The initials of the deficiencies authors are provided so that your staff can communicate directly with that individual should questions arise. The plans as submitted are denied. Please resubmit the entire application by no later than July 25, 2013. The Division believes that these deficiencies can be easily addressed, but that they are necessary to improve the clarity of the Operator Transfer application.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron Haddock  
Coal Program Manager

DRH/PHH/ss  
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## **Deficiency List**

**Task No. 4377**

**Operator Transfer**

Members of the review team with outstanding deficiencies:

(PHH) Please see attached technical memorandum.

# TECHNICAL MEMORANDUM

## Utah Coal Regulatory Program

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July 8, 2013

TO: Internal File

THRU: Steve Christensen, Permit Supervisor  
Daron Haddock, Coal Program Manager

FROM: Peter Hess, Environmental Scientist III, Team Lead

RE: OPERATOR TRANSFER, Intermountain Power Agency, Wildcat Loadout, C/007/0033, Task ID #4377

### **SUMMARY:**

The Permittee, Intermountain Power Agency, submitted a permit amendment to change the operator of the Wildcat Loadout facility from the previously approved operator, America West Resources, LLC to Wild West Equipment & Hauling, LLC on July 1, 2013.

The Task ID #4377 application also took the opportunity to update the officers and directors of Intermountain Power as submitted on page 1-5 of Chapter 1, Ownership and Control Information (See Section **R645-301-112.310**, OFFICERS AND SHAREHOLDERS, PAGE 1-5).

The memo will address the adequacy of the Permittees amendment application.

## **TECHNICAL ANALYSIS:**

# **GENERAL CONTENTS**

## **IDENTIFICATION OF INTERESTS**

Regulatory Reference: 30 CFR 773.22, 30 CFR 778.13; R645-301-112

### **Analysis:**

The Permittee submitted revised information for Section **R645-301-112.310**, OFFICERS AND SHAREHOLDERS as part of the Task ID # 4377 application in Chapter 1, Page 1-5. The revised / updated information includes two new Officers and seven new Directors.

The Division conducted an Evaluation on Permit Number ACT007033 SEQ:5 on July 3, 2013. The Evaluation OFT determined that there were no violations retrieved by the U.S. Department of the Interiors Office of Surface Mining Reclamation and Enforcement AVS system for the seven provided updates.

### **Findings:**

The Permittee has successfully completed the requirements of this section for updating the owners and controllers listed in Chapter 1 of the Wildcat Loadout mining and reclamation plan.

# **OPERATION PLAN**

## **OWNERSHIP AND CONTROL**

### **Section R645-301-111, Introduction and Overview of Project Permit Application**

### **Analysis:**

Intermountain Power Agency applied for and received a permit transfer for the Wildcat Loadout from Utah American Energy on June 27, 2011. On or about that same period, Intermountain Power contracted with America West Resources, LLC, to operate the coal loading facility for the Permittee. At that time, America West Resources was extracting coal and shipping it by truck from its Hidden Splendor / Horizon Mine, (located in Gordon Creek) to Wildcat for rail loading. America West was also loading rail cars at Wildcat with coal which was trucked from the mines being operated by Castle Valley Resources, LLC in Emery County

(Castle Valley #3 and #4 Mines, formerly known as the Bear Canyon #3 and #4 Mines located in the Wild Horse Ridge area).

Due to difficult mining and market conditions, America West Resources, LLC filed for a Chapter 7 bankruptcy on or about June 30, 2013 and sealing of the Mine was initiated. This left Intermountain Power Agency with no knowledgeable operator to run the Wildcat train loading facility.

In early July, 2013, Intermountain Power Agency negotiated a workable agreement to operate the Wildcat Loadout with Wild West Equipment and Hauling, LLC. This information was provided in the Task ID #4377 application Chapter 1, page 1-2 in both the blue line strike-out and clean copy versions. However, the last paragraph of Section A, Introduction at the top of page 1-2, states that IPA *"has contracted with Wild West Equipment & Hauling, LLC to provide transloading services at the facility"*. Transloading is a term which has been used by the applicant in the Task ID #4378 application in reference to transfer of bulk crude oil from semi-truck tankers to either frac tanks for temporary storage, or direct transfer to railroad tank cars for shipment to refineries. The use of this term to refer to the management of coal storage, blending and train and truck loading at the Wildcat facility makes the Task ID #4377 unclear.

The Task ID #4377 application does not provide an address, a telephone number, or contact information for at least two of the operating officials for Wild West Equipment and Hauling, LLC. This information must be provided if Wild West is to assume the position of "operator" at the Wildcat Loadout.

The Division is aware that the Permittee has applied for a revision to the mining and reclamation plan for the Wildcat facility to use a length of Utah Railway track within the Wildcat permit area to transfer / load or transload bulk crude oil from semi-trucks to either frac tanks for temporary storage or railroad tank cars for shipment. Task ID # 4378 remains pending in the DOGM review process as of the date of this memo (7/5/2013). The Task ID # 4378 application states that *"Associated Energy Services (AES) has an oil loading facility on the Utah Railway"* (called the AES oil loading terminal). The Task ID # 4378 application also contains an updated spill prevention control and countermeasure plan which lists Mr. Lee Abrams as the responsible management official for Wild West Equipment and Hauling, LLC.

The Division requires that the Task ID # 4377 application be revised to provide the following information which must be clearly stated in the revised application:

- 1) That Intermountain Power Agency has contracted with Wild West Heavy Equipment and Hauling, LLC to manage and operate the Wildcat Loadout facility relative to coal unloading, coal storage, coal blending and train and truck loading for various customers.
- 2) That Mr. Dan Baker is the CEO and Mr. Lee Abrams is the on-site senior management official for Wild West Equipment and Hauling, LLC, and that Mr. Abrams is the senior contact and responsible individual for operations being conducted relative to transloading of bulk crude oil by Associated Energy Services.

- 3) Intermountain Power Agency should also list a secondary management official for the Wildcat Loadout site for both the coal terminal operations and the AES transloading of bulk crude oil operations.
- 4) Intermountain Power must provide plant contact telephone numbers, as well as cell phone telephone contact information for the two management officials of Wild West Equipment and Hauling, LLC.
- 5) IPA must provide the mailing address for Wild West Equipment and Hauling, LLC in the revised application.
- 6) The Division has three additional requirements to provide additional clarity to the Task ID # 4377 submittal;
  - i. That the term “transloading” only be used when discussing the bulk crude oil transfer, storage and/or loading and unloading of bulk crude oil.
  - ii. That any reference to Castle Valley Mine as made on pages 1-2 and 1-18 be revised to read **Castle Valley Mining, LLC, C/015/0025**.
  - iii. **Page 1-6, section R645-301-112.400, PENDING, CURRENT AND PREVIOUS COAL PERMITS**, paragraph 2, discusses IPA’s 50% undivided interest in the Crandall Canyon Mine; in the last line of the same paragraph, the mine subject is changed to the West Ridge Mine. The Division realizes that this is a typo but requests that it be corrected for clarity.

The submitted Task ID #4377 application is deficient. Based on the requirement of **R645-301-121.200**, “*The permit application will be **clear and concise***”, the Permittee must revise and re-submit the Task ID #4377 application to address the requirements listed above.

### **Findings:**

The current application is deficient in that it does not clearly state who the **operator is going to be at Wildcat for the coal loading operations**, nor does it mention the bulk crude oil transloading activities (which are being permitted), or who the responsible individuals are over the transloading operations as designated by Intermountain Power Agency, the Permittee.

The Permittee is responsible for all activities within the Division approved permit area. In accordance with the requirements of **R645-301-121.200**, “*The permit application will be **clear and concise***”, the Permittee must revise and re-submit the Task ID #4377 application to address the requirements listed above.

### **RECOMMENDATION**

A recommendation for approval cannot be made until the Permittee addresses the required revisions for clarity listed above. These revisions are minor but necessary and the Division anticipates that a quick turnaround can be made by the Permittee.